

### Program Budget Comparison

The following table summarizes the total budget requested by the Governor for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	375.45	375.45	380.45	380.45	375.45	380.45	5.00	1.33%
Personal Services	16,418,985	17,724,120	19,717,107	19,778,929	34,143,105	39,496,036	5,352,931	15.68%
Operating Expenses	4,929,805	4,746,162	5,894,331	5,686,569	9,675,967	11,580,900	1,904,933	19.69%
Equipment & Intangible Assets	20,790	25,000	70,790	20,790	45,790	91,580	45,790	100.00%
Grants	5,090,365	6,630,882	6,357,506	6,355,806	11,721,247	12,713,312	992,065	8.46%
Benefits & Claims	29,420,205	36,261,829	33,545,525	35,462,342	65,682,034	69,007,867	3,325,833	5.06%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	118,349	146,955	118,349	118,349	265,304	236,698	(28,606)	(10.78%)
<b>Total Costs</b>	<b>\$55,998,499</b>	<b>\$65,534,948</b>	<b>\$65,703,608</b>	<b>\$67,422,785</b>	<b>\$121,533,447</b>	<b>\$133,126,393</b>	<b>\$11,592,946</b>	<b>9.54%</b>
General Fund	28,708,419	31,658,802	35,057,129	35,958,748	60,367,221	71,015,877	10,648,656	17.64%
State Special	2,464,613	2,421,269	2,507,540	2,507,539	4,885,882	5,015,079	129,197	2.64%
Federal Special	24,825,467	31,454,877	28,138,939	28,956,498	56,280,344	57,095,437	815,093	1.45%
<b>Total Funds</b>	<b>\$55,998,499</b>	<b>\$65,534,948</b>	<b>\$65,703,608</b>	<b>\$67,422,785</b>	<b>\$121,533,447</b>	<b>\$133,126,393</b>	<b>\$11,592,946</b>	<b>9.54%</b>

### Program Description

Mission statement: The mission of the Child and Family Services Division is keeping children safe and families strong.

The Child and Family Services Division (CFSD) administers child protective services, child abuse and neglect services, prevention services, domestic violence grants, and other programs designed to keep children safe and families strong. CFSD is composed of two bureaus and five regional offices that administer programs and are advised by Local Family Services Advisory Councils, which serve as the link between local communities and DPHHS. CFSD is the primary user of the statewide Child and Adult Protective Services (CAPS) computer system.

Statutory authority for the program is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

### Program Highlights

Child and Family Services Division	
Major Budget Highlights	
♦	The \$133 million 2011 biennium budget is \$11 million greater than the 2009 biennium budget due to:
♦	Statewide present law adjustments
♦	On-going infrastructure support such as rent, leased vehicles, and employee health insurance
♦	Anticipated expenditure increases for foster care and subsidized adoption services, provider rate increases, and Tribal contracts
♦	A funding switch due to federal changes in Medicaid reimbursements for therapeutic group homes
♦	The \$133 million biennium budget contains \$82 million in benefits and grants, which include an executive request for over \$4 million general fund for foster care and subsidized adoption caseload increases
♦	The division's 2009 biennium goals are on track
Major LFD Issues	
♦	The division 2011 biennium goals should include measurable objectives

## Program Narrative

### *Goals and Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the Legislative Fiscal Division recommends that the legislature review the following:

- o Goals, objectives and year-to-date outcomes from the 2009 biennium
- o Goals and objectives and their correlation to the 2011 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

### 2009 Biennium Major Goals:

The following provides an update of the major goals monitored during the 2009 interim.

- o Goal 1: Ensure the Well Being of children in foster care
  - Objective: Improve social worker face-to-face contact with children in care
  - Measurement: Social worker face-to-face contact with children will improve 5 percent by the end of FY 2009 from the FY 2007 baseline of 40 percent
- o Goal 2: Ensuring timely permanency for children
  - Objective: Determine if concerted efforts were made, or are being made to achieve a finalized adoption in a timely manner
  - Measurement: Documentation of diligent efforts to achieve timeliness of adoption will improve 5 percent by the end of FY 2009 over the FY 2007 baseline of 52.9 percent and progress in meeting this goal will be measured by manually reviewing 75 case files for compliance every six months
- o Goal 3: Ensuring that children are safe
  - Objective: Improve the timeliness of initiating investigations
  - Measurement: Timeliness of initiating investigations will improve 10 percent by the end of FY 2009 from the established baseline data of 54.2 percent and progress in meeting this goal will be measured by manually reviewing 75 case files for compliance every six months

The division met or exceeded its goals for the 2009 interim and was determined to be on track by the Legislative Finance Committee's workgroup on performance measurements.

### 2011 Biennium Major Goals:

The following provides an overview of major goals for the 2011 biennium as provided in the division budget. The LFD recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim.

Goal: Improve the safety, permanency, and well-being of children who are reported to be at risk of or being abused or neglected.

#### Objectives:

- o Safety: After investigation, safely maintain the children in their homes when ever possible and appropriate
- o Permanency: After removal, establish and achieve appropriate permanency goals for children in a timely manner
- o Well-being: While in foster care, maintain the child's connections with birth parents and siblings

#### Measurements:

- o On an on-going basis, review randomly selected cases to assess whether appropriate services were provided to safely maintain the child in the home and prevent removal
- o Increase the number of children achieving permanency

- On an on-going basis, review randomly selected cases to assess if concerted efforts were made to maintain the familial connections

### LFD COMMENT

#### The Goals Do Not Contain Baseline Information

In order to for the legislature to discuss the division's budget in the light of efficient and effective government and formulate an appropriations policy for the division, goals should have a baseline against which the legislature can measure the division's achievements. These goals do not help the legislature understand the need for or impact of the resources CFSD has requested because there are no baseline comparisons, no time frames beyond "on-going", and no outcomes or milestones to indicate when progress reports would be provided, or the intended outcomes achieved. The legislature cannot tell if the division intends to address the data garnered from its measurements, or when it might do so.

Additionally, the support services or programs are provided by staff working throughout the state as well as by contracted providers. The goals and measurements as provided do not reference the leaders and partners undertaking the task and therefore do not provide the legislature an opportunity to understand: 1) if there are partners involved in delivering any of the services; or 2) if funds and/or programs are adequately or equally run on the county, regional, or local fronts.

This baseline data should be available because the funding attached to the goals comes with federal regulations for evaluation and compliance based upon positive outcome performance measures. Additionally, all states also undergo congressionally authorized reviews of state child welfare systems that focus on evaluation and compliance based upon positive outcome performance measures for children in the areas of safety, permanency, and well-being. CFSD tracks data for the reviews and should have baseline information for the 2011 goals as they did for the 2009 goals.

The division should be able to provide a summary of regional data for both CFSD offices and the contracted providers that are participating in the delivery of services, and the achievements made at a regional or county level.

#### *Goals Should Address Quality and Quantity of Services*

The goals, objectives and measurements do show the legislature that there is service policy beyond the numbers of children or families served. However, there needs to be a link from the amount of requested resources to the number of individuals served or the quality of the services that would be provided. The division's goals should help the legislature understand the accountability of the division to the state for the quality of help and guidance applicants receive as they enter and navigate the system - whether the service is provided by state staff or contracted providers.

#### Options

The legislature may wish to consider:

- Having a discussion with the division on how its goals and objectives might be improved, measure both quality and quantity of services, and when appropriate, allow the legislature to understand the achievements made from expending resources at a county, regional, or local level
- Having the division report on all three goals, objectives, and newly benchmarked measurements to the Legislative Finance Committee during the 2011 interim

There are additional discussions and recommendations for goals and objectives in the following sections of the program narrative.

#### *The Executive Budget Request – A Biennial Comparison*

As shown in the program proposed budget, the \$133 million 2011 biennium budget presented by the executive increases the 2009 biennium budget by over \$11 million, nearly all of which is general fund. However, the executive's budget request actually includes increases to the FY2008 base budget of over \$21 million, an increase of about \$10 million for

FY 2010 and \$11 million for FY 2011. The difference between the request and the table exists in two parts.

The first difference is in the FY 2008 actual expenditures and the FY 2009 appropriation from the 2007 Legislature. The 2007 Legislature approved a budget request that proved to be above the need of the division in FY 2008. In FY 2008 the division:

- Reverted over \$5 million
- Had one-time-only appropriations of over \$4 million
- Transferred about \$1 million to address the reorganization of the child care payments to the Human and Community Services Division and to the director's office for employee payouts

This \$10 million difference is not taken out of the 2009 biennium total skewing the biennial comparison.

The second difference exists in the benefits and claims and grants categories where there is a difference of over \$11 million between the appropriations provided by the 2007 Legislature and the actual FY 2008 expenditures for benefits and grants (\$9 million) and personal services (\$2 million)

The \$21 million total fund increase from the FY2008 base requested by the executive supports:

- \$6 million in personal services adjustments (including \$0.4 million for new FTE). There is further discussion in the personal services section of this narrative
- Close to \$2 million of increases in operating expenses that are primarily due to the Governor's request for:
  - Rent and relocation increases for CFSD's 39 local offices as well as rent increases for Department of Administration buildings (nearly \$2 million)
  - Liability insurance for foster care parents (\$0.1 million)
- About \$13 million in benefits and grants to address the foster care and subsidized adoptions caseload and related services including Tribal contracts and provider rates

#### **LFD ISSUE**

#### **An Increase to the Base was made During the Interim**

The division received a program transfer of \$0.5 million general fund in FY 2008 from the general fund appropriation for Senior and Long Term Care benefits that was available due to lower than anticipated Medicaid benefits costs.

Program transfers are legal changes that can be done under the authority of the Governor's Office of Budget and Program Planning, although transfers meeting a statutory threshold must be reviewed by the Legislative Finance Committee before approval. The transfer did not meet the statutory threshold.

This transfer was made because of fiscal year end timing and was not intended for program development or expansion. The funds were primarily used to support year-end accruals and payment vouchers for foster care benefits with \$35,000 used for administration and \$10,000 for the domestic violence program. At the close of FY 2008, the division reverted \$440,000 general fund. However, there is still \$65,000 in the base.

LFD brings this issue to legislative attention only because the transfer slightly expands the base in this division without legislative discussion of the programmatic or operational needs supported by the added funds. There is additional agency-wide information in the agency summary section at the beginning of this volume

#### *Summary of Benefits and Grants*

The combined funds of foster care and subsidized adoption comprise 98.8 percent of the benefit and claims costs of the division. The costs and funding of benefits and claims, and a list the grants for FY 2008 and the 2011 biennium, are summarized in Figure 20 on the following page. Grants for tribal contracts comprise 29 percent of that category, followed closely by in-home and reunification services at 28.3 percent. Funding for Tribal contracts is used to reimburse tribes for Title IV-E allowable administrative costs of their child welfare programs.

**Figure 20**  
**Child and Family Services Division**  
**Summary of Benefit and Grant Costs and Funding**

Program	Fiscal 2008 Base				Fiscal 2010 Requested				Fiscal 2011 Requested				Percent Total
	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	
Benefits & Claims													
Foster Care	\$9,576,269	\$2,311,037	\$5,992,721	\$17,880,027	\$11,009,125	\$2,311,054	\$6,280,546	\$19,600,725	\$11,372,894	\$2,311,058	\$6,531,984	\$20,215,936	57.0%
Subsidized Adoption	4,920,161	-	6,185,155	11,105,316	6,136,655	-	7,373,283	13,509,938	6,801,913	-	8,009,631	14,811,544	41.8%
Chafee-Skills for Adulthood	-		92,442	92,442	-	-	92,442	92,442	-	-	92,442	92,442	0.3%
Big Brothers and Sisters	90,006			90,006	90,006			90,006	90,006			90,006	0.3%
In home and Reunification	\$123,706	\$0	\$128,699	\$252,405	\$123,678	\$0	\$128,727	\$252,405	\$123,678	\$0	\$128,727	\$252,405	0.7%
Total Benefits & Claims	\$14,710,142	\$2,311,037	\$12,399,017	\$29,420,205	\$17,359,464	\$2,311,054	\$13,874,998	\$33,545,525	\$18,388,491	\$2,311,058	\$14,762,784	\$35,462,342	100.0%
Percent of Total	50.0%	7.9%	42.1%	100.0%	51.7%	6.9%	41.4%	100.0%	51.9%	6.5%	41.6%	100.0%	
Grants													
Access and Visitation	\$10,697	\$0	\$105,914	\$116,611	\$10,697	\$0	\$105,914	\$116,611	\$10,697	\$0	\$105,914	\$116,611	1.8%
Tribal Contracts	114,409	-	515,271	629,680	341,409	-	1,502,271	1,843,680	341,409	-	1,502,271	1,843,680	29.0%
IV-E Pass Through	-	-	713,370	713,370	-	-	713,370	713,370	-	-	713,370	713,370	11.2%
Children's Trust Fund		44,920		44,920	-	44,920		44,920	-	44,920		44,920	0.7%
Chafee-Skills for Adulthood			425,544	425,544			425,544	425,544			425,544	425,544	6.7%
Chafee - Independent Living	-	-	192,759	192,759	-	-	192,759	192,759	-	-	192,759	192,759	3.0%
Community Based Challenge	-	-	188,232	188,232	-	-	188,232	188,232	-	-	188,232	188,232	3.0%
Services for Transitional Kids	-	-	-	-	-	39,261	13,880	53,141	-	38,005	13,436	51,441	0.8%
Domestic Violence	121,106	87,385	770,887	979,378	121,098	87,379	770,901	979,378	121,098	87,379	770,902	979,378	15.4%
In-home & Reunification	882,130	-	917,741	1,799,871	881,935	-	917,936	1,799,871	881,935	-	917,936	1,799,871	28.3%
Total Grants	\$1,128,343	\$132,305	\$3,829,718	\$5,090,365	\$1,355,139	\$171,560	\$4,830,807	\$6,357,506	\$1,355,139	\$170,304	\$4,830,363	\$6,355,806	100.0%
Percent of Total	22.2%	2.6%	75.2%	100.0%	21.3%	2.7%	76.0%	100.0%	21.3%	2.7%	76.0%	100.0%	

The Children's Trust Fund listed in the grant category serves Montana's limited prevention and early intervention services. Although its funds are generally outside of HB2, the trust fund is administratively attached to the department and is primarily funded from the Montana income tax check off, divorce filing fees, and the community-based child abuse prevention grant. State and federal mandates guide trust money to support nonprofit, community-based organizations that provide services and activities dedicated to preventing child abuse and neglect statewide, and focuses on programs that work with children between birth and 5 years of age. Funds from the trust are used as match for the federal community based resource grant. The \$44,920 listed is for a grant to be managed by the trust advisory committee.

### *The Governor's Proposals*

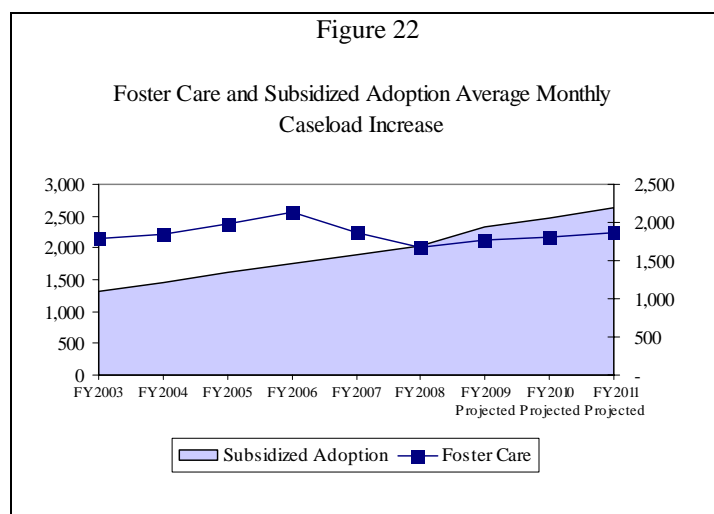
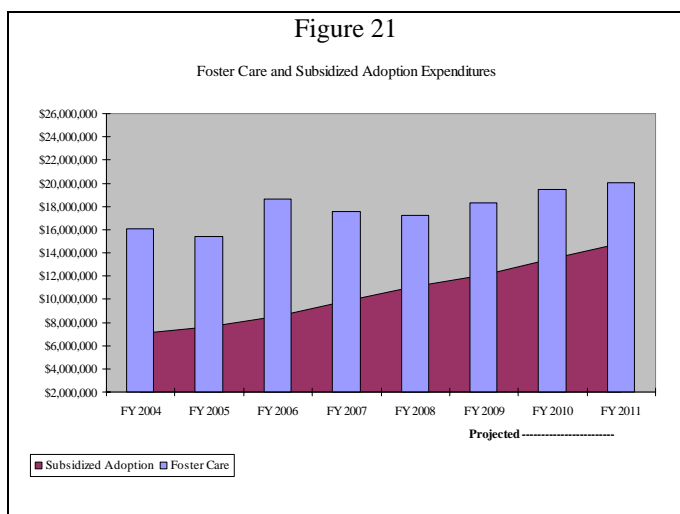
As mentioned in the biennial budget discussion, the Governor's \$133 million 2011 biennium budget includes about \$69 million to support the foster care and subsidized adoption client caseload and grant funding of about \$13 million is for programs that support efforts to keep families together and free of violence. Over \$39 million funds personal services costs for 380.45 FTE. The following is a brief overview of the executive budget request. There is additional information in the present law and new proposal sections of the program narrative.

### Caseload

Nearly all of the \$69 million in benefit and claims funding addresses foster care and subsidized adoption. The Governor proposes increases of:

- Nearly \$3 million total funds (over \$1 million general fund) over the biennium to support an estimated increase in the foster care caseload of 3.0 percent
- Over \$6 million total funds (nearly \$3 million general fund) for an estimated increase in the subsidized adoption caseload of 10.0 percent

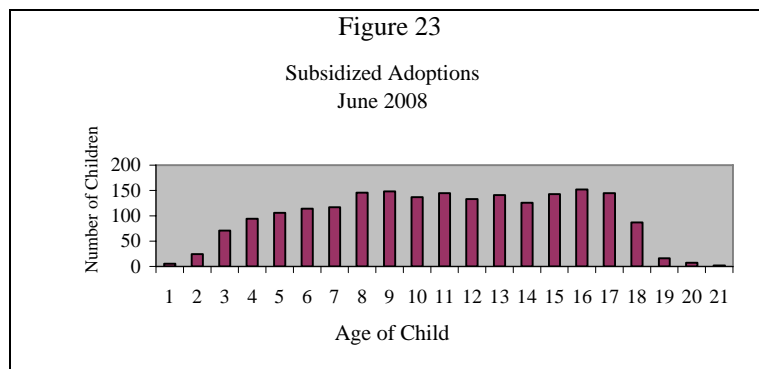
LFD staff estimates vary slightly, showing a potential need for an additional \$0.5 million over the biennium for subsidized adoption and a decrease to the division's estimate for foster care of \$0.8 million. The historical increases in the number of foster care and subsidized adoption clients and related costs are shown in Figures 21 and 22.



- While caseloads can fluctuate during a single year or over a biennium, foster care and subsidized adoption expenditures are projected to steadily increase. Factors that can influence increased caseload and expenditures include:
- Alcohol and substance abuse, which has increased the difficulty of family reunification as children are faced with longer out-of-home placement while families learn to manage addictive behavior
- Children born under the influence of drugs or alcohol may show increased levels of disability and consequentially increased likelihood for subsidized adoption

- The number of new subsidized adoptions for children with special needs presently exceeds the number of children aging out of the program
- New subsidized adoption contracts are generally negotiated at a higher reimbursement rate than earlier contracts
- Provider rate increases

Figure 23 shows the age of children in the subsidized adoption program as of June 2008.



### Grants

Grant funding of about \$13 million over the 2011 biennium is for programs that support efforts to keep families together and free of violence. Services are delivered by CFSD staff and contracted providers.

The major increase proposed by the Governor in the grant category is for over \$2 million in Title IV-E (foster care) pass through grants to reimburse tribes for allowable administrative costs of their child welfare programs.

### Staff

Funding for staff includes:

- \$2 million for 18.00 FTE in the centralized intake unit that receive the initial calls reporting suspected abuse, neglect, or abandonment
- \$32 million for 311.60 FTE working in the five regions of Helena, Miles City, Billings, Great Falls, and Missoula that investigate the reports of child abuse and neglect, work to prevent domestic violence and develop family reunification, as well as finding placements in foster or adoptive homes and licensing foster and adoptive homes across Montana
- \$5 million for 45.85 FTE that are responsible for Title IV-E (foster care and subsidized adoption) eligibility determination, administering grants and related programs, financial and policy functions, and support of field staff in a myriad of areas including guardianship, independent living, Tribal contracts, and Indian child welfare

Of the total FTE, about 226 are social workers delivering services.

The Governor proposes about \$0.4 million for 5.00 new FTE and an additional \$0.1 million for contracted services to assist SSI youth in transition out of foster care services. There is additional information in the personal services and new proposal sections of the narrative.

### *Other Areas that Could Impact CFSD*

### Federal Reviews

As mentioned earlier in the goals and objective discussion, Congress implemented the federal Child and Family Services Reviews to address the provision of protective services nationwide. The reviews require a self-assessment and an on-site visit to three locations to determine whether the state agency is achieving positive outcome performance for children in the areas of safety, permanency, and well-being. During the summer of 2008 CFSD underwent its second review, which was to evaluate performance relative to the state's provision of child and family services to children and families. While CFSD has received only a preliminary report, in all three areas of safety, permanency, and well-being there are indicators that Montana is ahead of the national standard on some outcomes and other outcomes where improvement is needed. Upon receiving the final report, CFSD will develop an improvement plan with targets and timelines covering the next two or three years. Should CFSD fail to meet the targets it could be assessed a penalty.

The division does not know when it will receive the federal recommendations, but will report on the review to the Joint Appropriations Health and Human Services Subcommittee, so the early recommendations will not be discussed in this narrative. The division anticipates receipt of the final report sometime in the spring of 2009.

**LFD  
ISSUE****Outcomes, the Federal Review, and the Division's Goals**

As mentioned in the goals and objectives section, goals should have a baseline against which the legislature can measure the division's achievements. It is also helpful if objectives measure both the quantity and quality of the outcomes.

Following the CFSD update on the federal review, the legislature may wish to consider visiting with the division about including baseline data from the review in its goals and objectives that would reflect, where possible, both quality and quantity of the division's objectives that were submitted with its budget:

- Safety: After investigation, safely maintain the children in their homes when ever possible and appropriate
- Permanency: After removal, establish and achieve appropriate permanency goals for children in a timely manner
- Well-being: While in foster care, maintain the child's connections with birth parents and siblings

The division also undergoes reviews of the federal Title IV-E eligibility compliance. It its 2003 review some issues were noted and CFSD developed a corrective plan that led to a compliance rate in the 2006 review of 99.3 percent compared with a compliance rate of 63.7 percent in the 2003 review. The 2009 review is scheduled for summer 2009.

**The Children, Families, Health and Human Services Interim Committee Mental Health Services Study**

The legislature funded a study of mental health services in Montana. The study was managed by the Children, Families, Health, and Human Services Interim Committee. One of the findings of the study published in October 2008, just prior to the session, was that some mental health services for children in foster care that are funded entirely by the general fund could be funded by Medicaid, reducing the general fund outlay for such services by about 70 percent.

**LFD  
COMMENT**

The legislature could request an update on what DPHHS and/or CFSD have done to implement the study finding, what types of services could be funded by Medicaid instead of general fund, and what the estimated general fund cost savings would be by year during the 2011 biennium for CFSD.

**The Montana Automated Child Welfare Information System (MACWIS)**

Another area subject to federal rules is the division's major information systems. The 2007 Legislature approved long-range information technology funding (IT) for MACWIS (formerly called CAPS), the automated social services information system covering all major program areas of child and adult protective services and juvenile corrections including case management and billing or payment processing functions. The funds were needed to bring the system up to federal standards as well as to update the aging system. There is also a \$2 million project to update the Adoptions and Foster Care Analysis and Reporting System (AFCARS) as mandated by federal regulation. As of November 2008, the AFCARS project is projected to be completed during the 2011 biennium.

Both systems are managed, maintained, and supported by the Technical Services Division (TSD) of this department and the related funding is contained in the TSD budget. However CFSD participates as a client in the process.

**LFD  
ISSUE****Long-Range Projects Can Impact the Division's HB 2 Budget**

The legislature may wish to have the division discuss with the Joint Appropriations Subcommittee for Health and Human Services the costs that could impact this and future legislatures such as:

- The impact of participating as a client in the process for such things as the length of time that may be spent by staff gathering information, out of office time for system design meetings, staff training, and system testing that could need augmentation from "fill-in" staff
- The cost of providing training to social workers

### Funding

The following table shows funding by source for the base year and for the 2007 biennium as recommended by the executive.

Program Funding Table Child & Family Services						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 28,708,419	51.3%	\$ 35,057,129	53.4%	\$ 35,958,748	53.3%
01100 General Fund	28,708,419	51.3%	35,057,129	53.4%	35,958,748	53.3%
02000 Total State Special Funds	2,464,613	4.4%	2,507,540	3.8%	2,507,539	3.7%
02089 Child Abuse & Neglect Program	44,920	0.1%	-	-	-	-
02209 Third Party Contributions-F.C.	2,319,190	4.1%	2,411,171	3.7%	2,411,171	3.6%
02376 02 Indirect Activity Prog 03	4,130	0.0%	-	-	-	-
02473 Assault Intervention & Trtmnt	87,671	0.2%	87,669	0.1%	87,669	0.1%
02483 Adoption Services / Sa	-	-	-	-	-	-
02496 Family Preservation Conference	8,702	0.0%	8,700	0.0%	8,699	0.0%
02561 6901-Family Drug Court	-	-	-	-	-	-
03000 Total Federal Special Funds	24,825,467	44.3%	28,138,939	42.8%	28,956,498	42.9%
03103 Tanf Administration	-	-	-	-	-	-
03109 Tanf Benefits	2,145,245	3.8%	2,137,822	3.3%	2,137,822	3.2%
03185 Caseworker Visits	-	-	-	-	-	-
03224 Access & Visitation Grt 93.597	105,914	0.2%	105,914	0.2%	105,914	0.2%
03458 6901 - Chafee - Etv 93.599	192,759	0.3%	192,759	0.3%	192,759	0.3%
03522 93.556 - Family Preservation	1,116,028	2.0%	1,078,162	1.6%	1,078,240	1.6%
03526 93.643 - Child Justice	101,761	0.2%	101,769	0.2%	101,770	0.2%
03527 93.645 - Iv-B Cws	-	-	-	-	-	-
03530 6901-Foster Care 93.658	5,757,221	10.3%	7,070,269	10.8%	7,321,699	10.9%
03531 6901-Subsidized Adopt 93.659	6,216,025	11.1%	7,409,047	11.3%	8,047,329	11.9%
03532 93.669 - Child Abuse	96,093	0.2%	96,506	0.1%	96,561	0.1%
03533 93.671 - Domestic Violence	773,413	1.4%	773,460	1.2%	773,463	1.1%
03534 93.672 - Child Abuse Challenge	201,898	0.4%	201,994	0.3%	202,003	0.3%
03536 93.674 - Iv-E Independent Livi	567,346	1.0%	538,819	0.8%	539,945	0.8%
03579 93.667 - Ssb - Benefits	-	-	-	-	-	-
03580 6901-93.778 - Med Adm 50%	-	-	-	-	-	-
03593 03 Indirect Activity Prog 03	7,551,764	13.5%	8,432,418	12.8%	8,358,993	12.4%
03964 Adoption Incentive Funds	-	-	-	-	-	-
Grand Total	<u>\$ 55,998,499</u>	<u>100.0%</u>	<u>\$ 65,703,608</u>	<u>100.0%</u>	<u>\$ 67,422,785</u>	<u>100.0%</u>

This division is funded from a variety of sources, and the funding and federal matching rates vary by function. Some costs are allocated among funding sources through a complex federally approved cost allocation plan that considers such factors as the results of a random moment in time study of social worker time spent on various activities.

General fund comprises 53.3 percent of the budget, with most used as matching funds to draw federal funds. Federal foster care and adoption subsidy funds comprise 22.8 percent, and federal funds obtained through the cost allocation process comprise 12.4 percent. The only major activity of the division that is supported entirely by the general fund is the centralized intake function.

State special revenue is primarily due to the cost of foster care from a wide variety of third party contributions such as parental payments, collections from child support enforcement for children in foster care, and supplemental security income (SSI) for eligible children.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	28,708,419	28,708,419	57,416,838	80.85%	55,998,499	55,998,499	111,996,998	84.13%
Statewide PL Adjustments	2,582,709	2,628,520	5,211,229	7.34%	2,874,346	2,947,100	5,821,446	4.37%
Other PL Adjustments	2,872,725	3,697,140	6,569,865	9.25%	5,897,003	7,500,028	13,397,031	10.06%
New Proposals	893,276	924,669	1,817,945	2.56%	933,760	977,158	1,910,918	1.44%
<b>Total Budget</b>	<b>\$35,057,129</b>	<b>\$35,958,748</b>	<b>\$71,015,877</b>		<b>\$65,703,608</b>	<b>\$67,422,785</b>	<b>\$133,126,393</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,634,024					3,696,621
Vacancy Savings					(802,115)					(804,615)
Inflation/Deflation					96,119					106,743
Fixed Costs					(53,682)					(51,649)
<b>Total Statewide Present Law Adjustments</b>					<b>\$2,874,346</b>					<b>\$2,947,100</b>
DP 30002 - FMAP Rate Decrease - Subsidized Adoption	0.00	110,368	0	(110,368)	0	0.00	176,887	0	(176,887)	0
DP 30003 - FMAP Rate Decrease - Foster Care	0.00	49,013	0	(49,013)	0	0.00	71,595	0	(71,595)	0
DP 30006 - Foster Care Caseload Increase	0.00	582,082	0	495,848	1,077,930	0.00	886,285	0	754,983	1,641,268
DP 30007 - Subsidized Adoption Caseload Increase	0.00	1,106,126	0	1,298,496	2,404,622	0.00	1,704,865	0	2,001,363	3,706,228
DP 30008 - Rent Increases/New Office Moves/Move Costs	0.00	571,156	0	321,275	892,431	0.00	403,528	0	226,984	630,512
DP 30019 - Restore Overtime/Holidays Worked	0.00	162,322	0	81,040	243,362	0.00	162,322	0	81,040	243,362
DP 30020 - Annualization of Tribal General Fund	0.00	227,000	0	987,000	1,214,000	0.00	227,000	0	987,000	1,214,000
DP 30025 - Liability Insurance	0.00	64,658	0	0	64,658	0.00	64,658	0	0	64,658
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,872,725</b>	<b>\$0</b>	<b>\$3,024,278</b>	<b>\$5,897,003</b>	<b>0.00</b>	<b>\$3,697,140</b>	<b>\$0</b>	<b>\$3,802,888</b>	<b>\$7,500,028</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$8,771,349</b>					<b>\$10,447,128</b>

**Program Personal Services Narrative**

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

- **Market Rate** - The division expects to be at 95 percent of market after implementing the legislatively approved pay raises in October 2008. The agency expectation is 92 percent. CFSD maintains pay exceptions for the centralized intake unit, family resource specialists, and child protective services workers, as described in greater detail in the vacancy discussion below. Exceptions are also made on a case-by-case basis when there are no applications or unqualified applicants for an advertised vacant position or to retain a valued employee that has been offered another position. CFSD has attempted to equalize the pay inequities for positions such as budget analysts or financial managers that are paid more in other divisions.

- **Vacancy** - CFSD experiences high turnover in several occupations including child protection specialists (CPS), program officers, SSI specialists and centralized intake (CI). This is primarily due to: 1) jobs that are demanding, highly stressful, and overwhelm new hires; 2) competition with other entities offering equal positions that are less stressful with better pay; 3) difficult recruitment and retention in very rural areas; and 4) the 24/7 nature of centralized intake unit. CFSD efforts to improve recruitment and retention include union negotiations to improve wages while maintaining current market ratios and a negotiated pay differential for the late hour and weekend shifts, and providing workers in a difficult-to-retain location (Big Horn County) who reside in Billings with a state-owned vehicle so they would not have to use their own vehicle. High vacancy rates and the inability to fill certain positions have resulted in significant overtime costs, and in rural areas makes it difficult for the division to meet statutory timelines and policies. Turnover also results in foster parents and children in foster care having multiple caseworkers and leading to a lack of continuity in case management.
- **Legislatively applied vacancy savings** – CFSD requires most positions to be vacant for a minimum of 30 days after the employee's payout had been completed. Exceptions to this can be made on a case-by-case basis. High turnover caused the division to exceed the 4 percent vacancy savings rate.
- **Pay Changes** - The only significant pay increase that was made for a category of employees was for the Family Resource Specialists. CFSD settled a longstanding classification appeal in April, 2007 in order to avoid extended litigation. The settlement was retroactive to January, 2007 and it affected approximately 25 employees. The only other pay exceptions were for employees based on either performance or the strong desire to retain certain employees. The increases in costs were funded within the existing personal services budget.
- **Retirements** – CFSD will have 187 employees (48 percent of total program workforce) eligible for retirement in the 2011 Biennium. Based on current trends and projections the division estimates that 20 employees will retire with an anticipated compensated absence liability of \$162,960. The division is concerned about the planned and potential retirements of several staff members and is taking steps for knowledge sharing and cross training.

#### *Statewide Present Law Personal Services*

The 2007 Legislature appropriated \$3.6 million general fund for the 2009 biennium to address a shift from federal revenue to the general fund created by the Deficit Reduction Act of 2005 (DRA). The federal funds were eliminated by the DRA through termination of certain targeted case management programs when other programs have some financial responsibility. The 2007 Legislature designated most DPHHS appropriations that were related to the DRA as one-time-only (OTO) and/or restricted because of the uncertain status of DRA discussions in Congress at that time. This appropriation was no exception. Therefore, the general fund was removed from the base and now appears in the statewide present law category of personal services for legislative consideration. Of the \$3.6 million listed each year on the personal services line, \$1.8 million is to reinstate the OTO and \$1.8 million is for the alignment of salaries to 80 percent of market, statutory pay increases, the pay plan adopted by the legislature, benefits and longevity for existing staff, and replacement of funding for vacant positions

#### **LFD ISSUE**

#### **The Past Two Legislatures Have Addressed Staffing Issues**

Vacancies, staff retention, and the need for additional staff has been a reoccurring theme of the division. Both the 2005 and 2007 Legislatures worked to address CFSD staffing. The 2005 Legislature intended that CFSD use a reduction in vacancy savings from 4 percent to 2 percent to help fill field staff positions. The 2007 Legislature appropriated \$1.7 million (\$1.0 million of general fund) for 20 new FTE. There have been prior legislative attempts to provide the division additional legal help to address time-related issues involving CFSD's attempt to provide services that involve CFSD, the families, and the courts.

The 2009 Legislature is also asked to address staffing issues through the personal services discussion provided by the division and the budget requests of the Governor. The Governor requests just over \$0.4 million for 5.00 new FTE and \$0.1 million for contracted services to augment existing staff work.

**LFD  
ISSUE (CONT.)**

Additionally, as mentioned earlier, the goals, objectives, and measurements should provide a link from the amount of requested resources to the quality of the services that would be provided. As a means to obtain a full picture of staff and contracted provider services the legislature may wish to consider:

- Discussing the division's staffing plan to address staff recruitment, training, and retention
- Having a discussion about the development of goals and objectives that would address the recruitment and retention issues, and when appropriate, measure both quality and quantity of services and allow the legislature to understand the achievements made a county, regional, or local level

*Present Law Requests*

DP 30002 - FMAP Rate Decrease - Subsidized Adoption - The Governor requests \$287,255 in general fund and a negative \$287,255 in federal funds for the 2011 biennium to address changes in the FMAP rate for subsidized adoption. The FMAP rate will decrease from 68.53 percent in FY 2008 to 67.42 percent in FY 2010 and 66.99 percent in FY 2011. The FMAP rate change will result in an increase in general fund of \$110,368 in FY 2010 and \$176,887 in FY 2011.

DP 30003 - FMAP Rate Decrease - Foster Care - The Governor is requests \$120,608 in general fund and a negative \$120,608 in federal funds for the 2011 biennium to address changes in the FMAP rate for foster care. The FMAP rate will decrease from 68.53 percent in FY 2008 to 67.42 percent in FY 2010 and 66.99 percent in FY 2011. The FMAP rate change will result in an increase in general fund of \$49,013 in FY 2010 and \$71,595 in FY 2011.

DP 30006 - Foster Care Caseload Increase - The executive requests a foster care caseload increase of \$1,468,367 general fund and \$1,250,831 federal funds for the 2011 Biennium. This request is to increase the foster care program by 3 percent per year to account for a projected increase in the caseload.

**LFD  
COMMENT**

As mentioned earlier LFD staff projections for foster care are about \$0.4 million lower than the division's estimates for both FY 2010 and FY 2011. Historically, the average annual rate of increase in the number of unduplicated clients receiving foster care services has been 1.9 percent between FY1996 and FY 2008. The average annual rate of increase for expenditures for the same timeframe has been 2.8 percent. Carrying these projections through FY 2009 and accounting for the division's provider rate increases, LFD staff estimates \$19.2 million for FY 2010 and \$19.6 million for FY 2011, compared to the division's \$19.6 million and \$20 million.

DP 30007 - Subsidized Adoption Caseload Increase - The Governor requests a subsidized adoption caseload increase of \$2,810,991 general fund and \$3,299,859 federal funds for the 2011 biennium. This request is to increase the subsidized adoption program by approximately 10 percent per year to account for a projected increase in the caseload. Projected caseload increases include: 10.4 percent from FY 2008 to FY 2009; 10.2 percent from FY 2009 to FY 2010, and; 9.6 percent from FY 2010 to FY 2011.

**LFD  
COMMENT**

As mentioned earlier, LFD staff projections for subsidized adoption are about \$0.2 million higher than the division's estimates for FY 2010 and \$0.3 million higher for FY 2011. Historically, the average annual rate of increase in the number of unduplicated clients receiving subsidized adoptions services has been 14.1 percent between FY1996 and FY 2008. The average annual rate of increase for expenditures for the same timeframe has been 18.8 percent. Carrying the projections into the 2011 biennium, staff projects \$13.7 million in FY 2010 and \$15.1 in FY 2011 compared to the division's \$13.5 and \$14.8.

DP 30008 - Rent Increases/New Office Moves/Move Costs - The Governor requests \$974,684 of general fund and \$548,259 in federal funds for the 2011 biennium to support rent increases and costs for relocation. The funding split is estimated at 64 percent general fund and 36 percent federal funds.

Two of CSFD's bigger offices face significant increases in the lease agreements. The Helena regional and state office would move to a new building that is being built. The Bozeman office is also relocating.

### LFD ISSUE

A portion of the increase in rent is for staff scheduled to move to a new building that is not yet built. Some of the staff members are located in the Helena city/county building and could possibly have to move whether there is a new building or not because the lease may not be renewed.

As shown in Figure 24, there is nearly \$0.2 million for office furniture and relocation / telephone costs of more than \$60,000.

Both of these amounts should be needed only once and should not be continued in the base year, and depending upon completion of the new building, may not be needed as all.

The legislature may wish to:

- Consider making the amounts one-time-only appropriations so they would be removed from the FY 2010 base
- Consider restricting the amounts so funding could not be used for other things if they are unused or not needed in their entirety

Figure 24 Child and Family Services Division Rent Detail		
	FY 2008	FY 2009
Rent/Non-State Bldgs.	\$577,981	\$630,512
Relocation Costs (103 at \$350)	36,050	0
Purchase and Install 103 Telephone Jacks at \$300	30,900	0
New Furniture for 79.00 FTE at \$2,500	197,500	0
	<u>\$842,431</u>	<u>\$630,512</u>

DP 30019 - Restore Overtime/Holidays Worked - The Governor requests \$324,644 in general fund and \$162,080 in federal funds for the 2011 biennium to reinstate overtime compensation that was primarily earned by social workers called out at night or are required to work additional hours due to staff shortages. Overtime is not included in the "snapshot" for personal services and the funds must be requested.

DP 30020 - Annualization of Tribal General Fund - The executive requests \$227,000 of general fund and \$987,000 of federal funds for each year of the 2011 biennium for renegotiated contracts with tribal entities for FY2008. CFSD renegotiated new Title IV-E foster care contracts with the tribes for FY 2008. Many of these contracts were not signed until January 2008 and some of the contracted funds were not able to be used. Additionally, expenditures for the Tribal contracts were significantly lower in FY 2008 than in prior years because of the length of time it took to renegotiate the contracts and implementation delays with the new contracts. The funds requested would allow CFSD to maintain the historical funding levels for the Tribal IV-E contracts. The executive requests \$227,000 of general fund and \$987,000 of federal funds for each year of the 2011 biennium for renegotiated contracts with tribal entities for FY2008.

DP 30025 - Liability Insurance - The executive requests \$64,658 in general fund authority each year of the biennium to purchase liability insurance for foster parents providing foster care or therapeutic foster care for youths under 18 years of age. Funding was authorized through HB 57 of the 2007 Legislature rather than HB 2.

## New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 30005 - Therapeutic Group Home Fund Switch										
03	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 30009 - Guardianship - Loss of Federal Funds										
03	0.00	200,000	0	(200,000)	0	0.00	200,000	0	(200,000)	0
DP 30015 - New FTE Package										
03	5.00	152,224	0	85,627	237,851	5.00	147,888	0	83,188	231,076
DP 30016 - Provider Rate Increase - CFSD										
03	0.00	101,791	0	40,977	142,768	0.00	138,776	0	55,865	194,641
DP 30024 - SSI Contracted Services for Transitional Kids										
03	0.00	(60,739)	100,000	13,880	53,141	0.00	(61,995)	100,000	13,436	51,441
<b>Total</b>	<b>5.00</b>	<b>\$893,276</b>	<b>\$100,000</b>	<b>(\$59,516)</b>	<b>\$933,760</b>	<b>5.00</b>	<b>\$924,669</b>	<b>\$100,000</b>	<b>(\$47,511)</b>	<b>\$977,158</b>

DP 30005 - Therapeutic Group Home Fund Switch - The Governor requests \$1,000,000 in general fund for the 2011 biennium because the Montana Medicaid program is changing its reimbursement policy for Therapeutic Group Homes (TGHs) as a result of federal law changes. Changes are expected to be implemented July 1, 2009. Medicaid is changing its reimbursement policy to only reimburse for the therapeutic portion of care. Currently, Medicaid pays the “treatment” component for children placed in a TGH and CFSD pays for the “room and board” component. Expenses associated with room and board will no longer be reimbursable and costs would shift to CFSD general fund expenditures.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** Medicaid is changing its reimbursement policy to only reimburse for the therapeutic portion of care and requires states to reimburse TGHs using a fee-for-service reimbursement method. Montana Medicaid currently uses a bundled daily rate.

**Goal:** To correct noncompliance with federal Medicaid laws and to ensure that CFSD and HRD each pay their fair share for the costs of maintaining children in Therapeutic Group Homes.

**Performance Criteria:** 1) HRD staff analyzes the TGH cost reports – presently occurring; 2) CFSD and HRD modify their current reimbursement amounts and/or methodologies; 3) TGH reimbursement changes are implemented by July 1, 2009; 4) HRD and CFSD report to the legislature during the interim on the results of the audited cost reports of the TGH providers, the establishment of new allocations between treatment and room and board components, and the new rates and rate methodologies

**Challenges:** Challenges include analyzing the cost reports of all TGH providers, establishing an allocation of costs between treatment (HRD) and room and board (CFSD), and setting new rates in both divisions.

**Risks:** The primary risk to the state is that the Medicaid State Plan may be found out of compliance and the state may have to reimburse the federal government for funds spent which were not in compliance.

DP 30009 - Guardianship - Loss of Federal Funds - The executive requests \$200,000 of general fund authority for each year of the 2011 biennium to support the guardianship demonstration project of the five-year IV-E Guardianship Waiver.

**LFD  
ISSUE****The IV-E Guardianship Waiver (Waiver)**

There are two parts to the project, an experimental group and a control group. One of the requirements of the Waiver was cost neutrality. Some children dropped out of the control group and federal rules would not allow them to be replaced. When children left the control group, costs for the control group were reduced and it is not possible to show cost neutrality in the federal reports. This request would replace the decreased federal funds and maintain neutrality.

Each quarter CFSD receives federal approval to continue serving the children whose guardianship was established under the Waiver. These 95 children are eligible for federal IV-E funding at the division's FMAP rate. If the children are removed from the Waiver, the general fund would increase from about 33 percent to 100 percent per child.

DP 30015 - New FTE Package - The Governor requests nearly \$0.5 million for the 2011 biennium for the addition of 5.00 FTE for Child Protective Services (CPS), Permanency Planning Specialists, Centralized Intake (CI), and Administrative Support. The general fund portion for the 2011 biennium is \$300,112.

**LFD  
ISSUE****The Request Does Not Supply Adequate Information for the Legislature to Make a Decision.**

At the time of this writing, the division did not yet know where the positions would be located or their specific duties.

Additionally, this request relates to the earlier discussion in the personal services section about the on-going issue of recruitment and retention for this division. The legislature may wish to consider a discussion with the division about why and where the FTE are needed as well as a timeframe for reporting to the legislature on the success achieved by hiring the FTE, and where possible, the impact of the FTE made at a county, regional, or local level

DP 30016 - Provider Rate Increase - CFSD - The Governor requests \$240,567 general fund authority and \$96,842 federal fund authority for the 2011 biennium to address a 1 percent rate increase beginning October of each year (annualized at 0.75) for providers in the foster care program. There is additional information in the agency overview.

**LFD  
ISSUE****Division Not Sufficiently Funded**

It appears the division is not sufficiently funded in FY 2011. If all providers are to receive the increase, the FY 2011 total should be closer to \$290,000.

DP 30024 - SSI Contracted Services for Transitional Kids - The Governor requests \$104,582 over the biennium for contracted services for an SSI transitional worker to make SSI applications on behalf of children who are in the custody of the State of Montana and who are considered to meet the SSI criteria. There would be a primary focus on children aging out of foster care who have multidisciplinary needs. The contractor would be hired by October 1, 2009 and be fully trained by June 30, 2010. It is estimated that the four incumbent SSI Specialists generated more than \$400,000 of general fund savings in the Foster Care program in FY 2008.

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Of approximately 1,600 children in foster care, 340 children (21 percent) are currently receiving SSI or SSB benefits. These funds are collected by the State of Montana and are applied toward the cost of foster care. When children age out of foster care they must undergo an "Age 18 Redetermination" based on adult SSI eligibility criteria.

Children receiving benefits when they age out of foster care have a better chance of passing an Age 18 Redetermination. The current number of SSI Specialists (4) is not adequate to complete and submit SSI applications for all of the children in foster care who potentially qualify for SSI/SSB.

The services will be funded 73.88 percent general fund and 26.12 percent federal funds and generate an estimated \$100,000 in third party revenue (SSI/SSB) for the 2011 biennium.

**Goals:**

- To provide SSI Specialist services to children aging out of foster care who have multidisciplinary needs
- To maximize the amount of SSI/SSB funds collected by the state for children currently in foster care and by applying these funds towards the cost of providing foster care

**Performance Criteria:**

- Hire a contractor by October 1, 2009 and have them trained by June 30, 2010
- Determine the number of SSI/SSB applications made that resulted in additional funding
- Count the number of children transitioning into adulthood who were provided Age 18 Redetermination services

**Challenges:** One of the biggest challenges would be finding or training a person with substantial knowledge of the SSI application processes for both children and adults because the criteria used by the Social Security Administration is different for each category.

**Risk:** One of the risks is that some children with multidisciplinary needs may age out of foster care and have very few, if any, services available to them. Another risk is that the state will lose federal SSI/SSB funds that could be available for children who meet the SSI criteria.